

REMARKS:

Claims 1-94 are currently pending in the application. Claims 63-92 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. Claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 stand rejected under 35 U.S.C. § 103(a) over Patent No. EP 0070967 to Schmidt et al. ("Schmidt") in view of U.S. Patent No. 5,754,938 to Herz et al. ("Herz") and in further view of Dr. Pattie Maes et al., "AGENTS THAT BUY AND SELL", Communications of the ACM, March 1999, Vol. 42, No. 3 ("Maes"). Claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz in further view of Maes and in further view of U.S. Patent No. 5,970,479 to Shepherd et al. ("Shepherd").

Although the Applicants believe claims 1-94 are directed to patentable subject matter and are in condition for allowance without amendment. The Applicants have amended claims 63-92 to further show a computer-readable medium having encoded thereon software for multi-enterprise optimization at a buyer or seller computer system and are clearly directed to patentable subject matter. No new matter has been added.

REJECTION UNDER 35 U.S.C. § 101:

Claims 63-92 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter.

Although Applicants believe claims 63-92 are directed to patentable subject matter without amendment, Applicants have amended claims 63-92 to further show a computer-readable medium having encoded thereon software for multi-enterprise optimization at a buyer or seller computer system and are directed to patentable subject matter and are clearly directed to patentable subject matter. By making these amendments, Applicants

do not indicate agreement with or acquiescence to the Examiner's position with respect to the rejections of claims 63-92 under 35 U.S.C. § 101, as set forth in the Office Action.

For at least these reasons, Applicants submit that claims 63-92 are directed to statutory subject matter. The Applicants further submit that claims 63-92 are in condition for allowance. Therefore, the Applicants respectfully request that the rejection of claims 63-92 under 35 U.S.C. § 101 be reconsidered and that claims 63-92 be allowed.

REJECTION UNDER 35 U.S.C. § 103(a):

Claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz and in further view of Maes. Claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz in further view of Maes and in further view of Shepherd.

The Applicants respectfully submit that Schmidt, Herz, or Maes either individually or in combination, fail to disclose, teach, or suggest each and every element of claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91. The Applicants further submit that Schmidt, Herz, Maes, or Shepherd either individually or in combination, fail to disclose, teach, or suggest each and every element of claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94. Thus, the Applicants respectfully traverse the Examiners obvious rejection of claims 1-94 under 35 U.S.C. § 103(a) over the proposed combination of Schmidt, Herz, Maes, or Shepherd either individually or in combination.

Although Applicants believe claims 1-94 are directed to patentable subject matter without amendment, Applicants have amended independent claims 63-92 to further show a computer-readable medium having encoded thereon software for multi-enterprise

optimization at a buyer or seller computer system and are directed to patentable subject matter. By making these amendments, Applicants do not indicate agreement with or acquiescence to the Examiner's position with respect to the rejections of claims 1-94 under 35 U.S.C. § 103(a), as set forth in the Office Action.

For example, with respect to independent claim 1, this claim recites:

A method of multi-enterprise optimization at a buyer computer system, comprising:

accessing a forecasted demand for at least one item;

automatically and without user input subsequent to accessing the forecasted demand, generating one or more proposed flexible trade contracts using the forecasted demand for the item;

automatically and without user input subsequent to generating the proposed flexible trade contracts, communicating each proposed flexible trade contract to a seller computer system to initiate an automatic collaborative negotiation over the proposed flexible trade contract with the seller computer system;

automatically and without user input subsequent to communicating the proposed flexible trade contract, as part of the automatic collaborative negotiation, receiving at least one modification of the proposed flexible trade contract from the seller computer system for automatic evaluation and possible acceptance in response to communicating the proposed flexible trade contract;

automatically and without user input subsequent to receiving the modification of the proposed flexible trade contract from the seller computer system, as part of the automatic collaborative negotiation, evaluating the modification to determine whether the modification is acceptable;

automatically and without user input subsequent to evaluating the modification of the proposed flexible trade contract, as part of the automatic collaborative negotiation, accepting the modification if the modification is acceptable; and

subsequent to execution of a flexible trade contract created based on the proposed flexible trade contract as a result of the automatic collaborative negotiation, taking one or more actions to perform under the executed flexible trade contract. (Emphasis Added).

Independent claims 15, 29, 45, 63, 78, 93, and 94 recite similar limitations. Schmidt, Herz, Maes and Shepherd either individually or in combination, fail to disclose each and every limitation of independent claims 1, 15, 29, 45, 63, 78, 93, and 94.

For example, the Examiner asserted Schmidt discloses a method of multi-enterprise optimization at a buyer and seller computer. Although Schmidt discloses a vendor-managed replenishment contract being manually proposed, studied, and negotiated prior to the initiation of a potential vendor-managed replenishment contract. (page 30, lines 19-41), Schmidt does not disclose any details of the negotiation of the vendor-managed replenishment contract or any negotiation over the purchase order. Thus, Schmidt cannot provide for an optimization of any negotiation over a buyer or seller computer.

The Applicants further submit that the Office Action acknowledges that Schmidt fails to disclose the emphasized limitations noted above in independent claim 1. Specifically the Examiner acknowledges that Schmidt fails to disclose buyer or seller computer automatically generating the proposed flexible trade contracts, automatically communicating the proposed flexible trade contract, automatically receiving the modification of the proposed flexible trade contract from the seller or buyer computer system, automatically evaluating the modification of the proposed flexible trade contract, automatically accepting the modification if the modification is acceptable, and conducting all automatically without user input. (15 March 2005 Office Action, Page 5). However, the Examiner asserts that the cited portions of Herz disclose the acknowledged shortcomings in Schmidt. The Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Herz.

The Applicants respectfully submit that Herz has nothing to do with the independent claim 1 limitations regarding a buyer or seller computer automatically generating the proposed flexible trade contracts, automatically communicating the proposed flexible trade contract, automatically receiving the modification of the proposed flexible trade contract from the seller or buyer computer system, automatically evaluating the modification of the proposed flexible trade contract, automatically accepting the modification if the modification is acceptable, and conducting all automatically without user input. Rather Herz discloses a system that monitors stock prices and, when certain stock-performance characteristics are met, automatically places a buy or sell order. (column 61, lines 35-39). This approach merely describes a monitoring activity that is able to notify the user of a

predetermined stock price. Herz fails to disclose, teach, or suggest that the system that monitors stock prices or notifies a user is in anyway automatically negotiated by the buyer or seller computer.

The Examiner further asserts that the cited portions of Maes disclose the acknowledged shortcomings in Schmidt. The Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Maes. The Applicants respectfully submit that Maes does not disclose each and every limitation of independent claim 1 regarding a buyer or seller computer automatically generating the proposed flexible trade contracts, automatically communicating the proposed flexible trade contract, automatically receiving the modification of the proposed flexible trade contract from the seller or buyer computer system, automatically evaluating the modification of the proposed flexible trade contract, automatically accepting the modification if the modification is acceptable, and conducting all automatically without user input. Rather Maes discloses a system to automate several of the most time-consuming stages of a buying process. Maes fails to disclose, teach or suggest that these most time-consuming stages are in any way associated with generating the proposed contracts, communicating the proposed contracts, receiving the modification of the proposed contracts, evaluating the modification, accepting the modification, if the modification is acceptable and all without user input.

The Examiner still further asserts that the cited portions of Shepherd disclose the acknowledged shortcomings in Schmidt. The Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Shepherd. The Applicants respectfully submit that Shepherd does not disclose each and every limitation of independent claim 1 regarding a buyer or seller computer automatically generating the proposed flexible trade contracts, automatically communicating the proposed flexible trade contract, automatically receiving the modification of the proposed flexible trade contract from the seller or buyer computer system, automatically evaluating the modification of the proposed flexible trade contract, automatically accepting the modification if the modification is acceptable, and conducting all automatically without user input. Rather Shepherd merely discloses a system that automatically secures agreement of stakeholders of an options contract seeking to trade the options contract. Shepherd fails

to disclose, teach, or suggest specific steps in the above limitations of independent claim 1, during the automatic negotiation of the buyer or seller computer.

The Applicants respectfully submit that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of Schmidt, Herz, Maes, and Shepherd. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine these references as proposed. The Office Action merely states that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify Schmidt to include Herz, Maes, and Shepherd in order to include the buyer or seller computer automatically generating the proposed flexible trade contracts, automatically communicating the proposed flexible trade contract, automatically receiving the modification of the proposed flexible trade contract from the seller or buyer computer system, automatically evaluating the modification of the proposed flexible trade contract, automatically accepting the modification if the modification is acceptable in order to reduce the cost of the procurement units as well as to reduce the time needed to obtain the items.

The Applicants further submit that these purported advantages relied on by the Examiner of reducing the cost of the procurement units and reducing the time needed to obtain the items are nowhere disclosed, taught, or suggested in Schmidt, Herz, Maes, and Shepherd either individually or in combination. The Applicants respectfully request the examiner to point to the portions of Schmidt, Herz, Maes, or Shepherd which contain the teaching, suggestion, or motivation to combine these references for the purpose of reducing the cost of the procurement units and reducing the time needed to obtain the items. A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. In re Lee, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35. Thus, the Office Action fails to provide proper motivation for

combining the teachings of Schmidt, Herz, Maes, or Shepherd either individually or in combination.

Claim 1 is considered patentably distinguishable over the proposed combination of Schmidt, Herz, and Maes for at least the reasons discussed above in connection with independent claim 1. With respect to independent claims 15, 29, 45, 63, and 78 each of these claims includes limitations similar to those discussed above in connection with independent claim 1. Thus, independent claims 15, 29, 45, 63, and 78 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, and Maes for at least the reasons discussed above in connection with independent claim 1.

Claim 93 and 94 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes, and Shepherd for at least the reasons discussed above in connection with independent claim 1.

With respect to dependent claims 2, 5-7, 11, 16, 19-21, 25, 30-32, 35-37, 41, 42, 46, 49-51, 55, 56, 64, 67-69, 73, 74, 79, 82-84, 88, 89, and 91, claims 2, 5-7, and 11 depend from independent claim 1, claims 16, 19-21, and 25 depend from independent claim 15, claims 30-32, 35-37, 41, and 42 depend from independent claim 29, claims 46, 49-51, 55, and 56 depend from independent claim 45, claims 64, 67-69, 73, and 74 depend from independent claim 63, and claims 79, 82-84, 88, 89, and 91 depend from independent claim 78. As mentioned above, each of independent claims 1, 15, 29, 45, 63, and 78 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, and Maes. Thus, dependent claims 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 are considered to be in condition for allowance for at least the reason of depending from an allowable claim.

With respect to dependent claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92, claims 3, 4, 8-10, 12-14, and 60 depend from independent claim 1, claims 17, 18, 22-24, 26-28, and 60 depend from independent claim 15, claims 33, 34, 38-40, 43, 44, and 61 depend from independent claim 29, claims 47, 48, 52-54, 57, 58, and 62 depend from independent

claim 45, claims 65, 66, 70-72, and 75-77 depend from independent claim 63, and claims 80, 81, 85-87, 90, and 92 depend from independent claim 78. As mentioned above, each of independent claims 1, 15, 29, 45, 63, 78, 93, and 94 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes and Shepherd. Thus, dependent claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92 are considered to be in condition for allowance for at least the reason of depending from an allowable claim.

For the reasons set forth herein, the Applicants submit that claims 1-94 are not rendered obvious by the proposed combination of Schmidt, Herz, Maes and Shepherd. The Applicants further submit that claims 1-94 are in condition for allowance. Thus, the Applicants respectfully request that the rejection of claims 1-94 under 35 U.S.C. § 103(a) be reconsidered and that claims 1-94 be allowed.

THE LEGAL STANDARD FOR OBVIOUSNESS REJECTIONS UNDER 35 U.S.C. § 103:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there must be something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

CONCLUSION:


In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicants believe no fees are deemed to be necessary; the undersigned hereby authorizes the Director to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**.

Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.

Respectfully submitted,

6/14/05
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